

## **Felix Grundy to Andrew Jackson, October 22, 1829, from Correspondence of Andrew Jackson. Edited by John Spencer Bassett.**

### **FELIX GRUNDY TO JACKSON.**

Nashville, October 22, 1829.

*Dear General,* Unless I were to prepare a Bill in all its details I doubt whether I can make a single suggestion which has not occurred to you on the subject of a National Bank. The following how ever would be the outline of a plan I should prefer.

The basis should be, the revenue of the U States. Say the Capital should be forty millions, the principal Bank located in Philadelphia, with all the powers, over the Branc[h]es, usual in such institutions. The Directors of the principal Bank to be elected by Congress. the power placed either in the Executive or elsewhere would be dangerous. Divide, for example, twenty millions of the Capital among the States, according to their representation in Congress, and establish a Branch in each State—here arises a great difficulty, how are the Directors of these Branches to be appointed? To authorise the Directors of the principal Bank to appoint them, would be to give them an alarming power. To say that the whole Congress should do it, would destroy every thing like accountability, in making the selections. To say that the State Legislatures should do it, is a very unstatesmanlike Idea, because over and above the imprudence of putting the money of the U States into the hands of others to manage, in times of emergency the very means necessary to sustain the Genrl. Government might be withheld or used to its injury, by reason of the disaffection of some of the States.

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I would therefore say, that the representation in Congress from each State, should choose the Directors of the Branches, of the respective States. The profits arising from this portion of the Capital might be applied to making such internal improvements in each State, as might be directed by Congress and agreed to by each State respectively, so that none of the profits of any Branch would be withdrawn from the State and in all cases of such internal improvements being made, the sovereignty and ownership to be in the States respectively. The seat of Government in each State, would generally be fixed on in the Charter for the location of the Branches, not in all cases. The other twenty millions, allowing Philadelphia first to retain a sufficient amount, should be used by Branches established in the large Cities to aid the Commerce of the Country, and its revenue. The Directors of the Branches last spoken of, might be appointed by the Directors of the principal Bank.

The above is a mere outline. If I go further, I shall have to go into matters, which the Congress alone and not the Executive has to regulate.

I hope to be in Washington a week or ten days before Congress convenes, and will loose no time before I see you. I intend to set out to Richmond on the 25th instant to see the Virginia Convention in Session thence to the City. So soon as you receive this, will you be so good as to drop me a line to Richmond, stating the condition of your health. it is a subject which gives us all uneasiness in this quarter. . . . 1

1 Thomas H. Benton sent Jackson letters that he had received from John Randolph and Stephen Simpson, containing views of the writers with reference to a bank as a substitute for the Bank of the United States. Randolph's letter, written Dec. 12, 1829, is as follows:

“You will search in vain ‘Congressional History’ for the *project* mentioned by Hall, to whom I spoke of it more than once. It was a creature of my own devise—shewn only to two friends, one of whom is long since dead, but never brought forward in publick.

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“Soon after Mr. Jefferson's accession, looking forward to the termination of the United States' Bank, and being much opposed to that, or any similar institution, I turned my thoughts to the subject and devised a plan which, as I conceived, would supply all the duties and Offices of the United States' Bank so far as Government was concerned. It is obvious that the discounting of private paper has no connection with the transfer of public monies, or a sound paper currency. My plan was to make the great custom houses branches of one great National Bank of deposit, a sort of Loan Office if you will. Upon the deposits and monies received for duties, Treasury notes receivable in all taxes etc: of the U. S. to issue. The details you can easily conceive. The whole under the Secretary of the Treasury and other great Officers of State.

“At the time I speak of, the Land Offices were not in the receipt of sufficient sums to make them depositaries similar to the Great Custom Houses, but whenever large dues to Government were payable the plan would be extended. This would give one description of paper bottomed upon substantial capital, and whensoever Government might stand in need of a few millions, instead of borrowing their own money from a knot of Brokers, or the credit of said Brokers, it might, under proper restrictions, issue its own paper in anticipation of future revenues, or taxes to be laid, such notes to be cancelled within a given time. I have written with much difficulty and hope you may be able to read it and to supply my omissions.”

Jackson's indorsement: “Extract of a letter from Mr. Jno. Randolph to Tho. H. Benton, dated Dec. 12th '29, in answer to an enquiry upon the subject of a *National Bank of Deposit* in place of a Bank of the U. S.”